

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3504-12
BILL NO.: SCS for HS for HB 1603
SUBJECT: Motor vehicle, Franchise Law
TYPE: Original
DATE: April 25, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Office of the State Courts Administrator, Office of the Secretary of State, Department of Economic Development, Office of Administration - Administrative Hearing Commission, Department of Revenue** and the **Department of Labor and Industrial Relations** assume the proposed legislation would have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small businesses which are motor vehicle dealers or sell motor vehicles would be affected by this proposal.

DESCRIPTION

This proposal revises Missouri's motor vehicle franchise law. Protections for relevant market areas for automobile dealers are provided. "Relevant market area" is defined as either a 12 or 20 mile radius depending on whether the population of the county is over or under 300,000. Dealers can follow an administrative complaint process when the manufacturer wants to establish or move another dealership that represents the same line or make within that market area. Manufacturers must notify an existing dealer at least 60 days in advance of their intention to establish a new dealer within the market area. An existing dealer within a market area has 30 days after receipt of notice or the end of an appeals procedure provided by the franchisor, whichever is greater, to file a petition with the Administrative Hearing Commission protesting the establishment or relocation. The commission will use a list of factors to weigh the benefits of the proposed dealership. The Administrative Hearing Commission must find 7 of the 10 factors in favor of adding a dealership before a new dealership can be approved.

DESCRIPTION (continued)

The proposal expands the time limits for the process within the Administrative Hearing Commission. A party seeking relief may file an application for a hearing. The Administrative Hearing Commission will then enter an order setting a date, time, and place for a hearing on the record to all parties. A hold is put on any franchisor action requiring "good cause" when the action is protested by a franchisee, and the administrative law judge determines that good cause does not exist. Discovery may be obtained by parties in the same manner as other civil actions. Appeals are provided for, and the jurisdiction is Cole County.

The proposal requires manufacturers to compensate dealerships for the parts used in preparation obligations or in warranty defects within 30 days. The criteria for the compensation for labor is spelled out. Audits by manufacturers for warranty compensation must not be done more than 12 months after a claim.

Dealers will not be prohibited from purchasing or operating another line of new motor vehicles if the dealer maintains a reasonable line of credit for each line of new motor vehicles and is under compliance with any reasonable capital standards and facility requirements of the franchise. Recreational vehicle dealers and rental dealers are excluded from certain provisions of the substitute.

This legislation is not federally mandated, would not duplicate any other program, and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

State Courts Administrator
Secretary of State
Department of Economic Development
Office of Administration
Administrative Hearing Commission
Department of Labor and Industrial Relations
Department of Revenue

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SOURCES OF INFORMATION (continued)

NOT RESPONDING: Circuit Court of Cole County

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
April 25, 2000